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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: McKim Capital Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

215 Summit Road

(No. and Street)

Walnut CreekCalifornia94598

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Mr. Jordan Loewer (925) 937-5238

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

The Schonbraun McCann Group, L.L.P.

(Name - if individual, state last, first, middle name)

101 Eisenhower Pkwy.RoselandNJ07063

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

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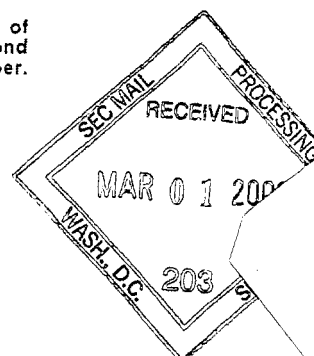
THOMSON  
FINANCIAL

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

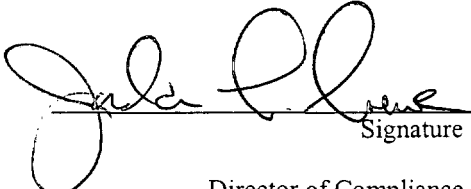
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## OATH OR AFFIRMATION

I, Jordan L. Loewer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of McKim Capital Inc., as of February 28, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

N/A

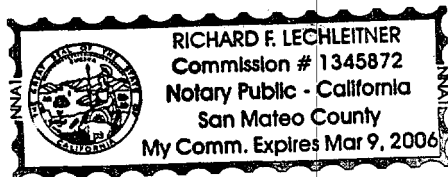
  
Signature  
\_\_\_\_\_  
Director of Compliance  
Title

State of California }  
County of San Mateo }

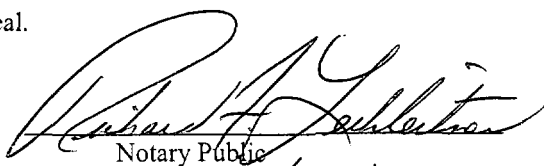
On this 8<sup>th</sup> day of February 2006, before me, Richard F. Lechleitner, notary public

personally appeared Jordan L. Loewer known personally to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the entity upon behalf of which he acted, executed the instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.



(SEAL)

  
Notary Public  
My Commission Expires 03/09/06

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders Equity or Partners or Sole Proprietors Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**MCKIM CAPITAL, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2005**

**MCKIM CAPITAL, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2005**

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# The Schonbraun McCann Group LLP

Real Estate Advisors ♦ Accounting Services



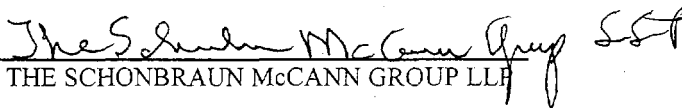
## INDEPENDENT AUDITORS' REPORT

To the Stockholders  
McKim Capital, Inc.  
Walnut Creek, California

We have audited the accompanying balance sheet of McKim Capital, Inc. as of December 31, 2005 and the related statements of income and retained earnings and cash flows for the year then ended. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of McKim Capital, Inc. as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
THE SCHONBRAUN McCANN GROUP LLP

Roseland, New Jersey  
February 15, 2006

**MCKIM CAPITAL, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2005**

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**ASSETS**

**Current Assets**

Cash	\$29,107
Receivable - brokers	<u>121,280</u>
	<u><u>\$150,387</u></u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Current Liabilities**

Accrued fees	<u>\$23,485</u>
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**Stockholders' Equity**

Common shares, no par value; 500 - shares authorized, issued and outstanding	102,608
Retained earnings	<u>24,294</u>
	<u><u>126,902</u></u>
	<u><u>\$150,387</u></u>

The accompanying notes are in integral part of this financial statement.

**MCKIM CAPITAL, INC.**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**YEAR ENDED DECEMBER 31, 2005**

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<b>Revenues</b>	
Commission income	\$421,061
Fee income	1,083,756
Other income	982
	<u>1,505,799</u>
<b>Expenses</b>	
Wages and taxes	266,271
Commissions	121,963
Regulatory fees	22,014
Other expenses	29,299
	<u>439,547</u>
<b>Net Income</b>	1,066,252
<b>Retained Earnings ( deficit ), beginning</b>	(18,951)
<b>Less: Distributions</b>	<u>1,023,007</u>
<b>Retained Earnings, ending</b>	<u><u>\$24,294</u></u>

The accompanying notes are an integral part of this financial statement.

**MCKIM CAPITAL, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2005**  
(decrease) in cash

**Cash Flows From Operating Activities:**

Net income	\$1,066,252
Adjustments to reconcile net income to net cash / provided by operating activities:	
Receivable - brokers	(61,424)
Accrued fees	14,837
<b>Total adjustments</b>	<u>(46,587)</u>
<b>Net cash provided by operating activities</b>	<u>1,019,665</u>

**Cash Flows Used In Financing Activities**

Distributions	<u>(1,023,007)</u>
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<b>Net decrease in cash</b>	(3,342)
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<b>Cash, beginning</b>	<u>32,449</u>
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<b>Cash, ending</b>	<u><u>\$29,107</u></u>
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The accompanying notes are an integral part of this financial statement.



MCKIM CAPITAL, INC.  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
YEAR ENDED DECEMBER 31, 2005

	Common Stock	Additional Paid-In Capital
Balance, January 1, 2005	\$22,000	\$80,608
Consolidation of accounts	<u>80,608</u>	<u>(80,608)</u>
Balance, December 31, 2005	<u><u>\$102,608</u></u>	<u><u>\$0</u></u>

The accompanying notes are an integral part of this financial statement.

**MCKIM CAPITAL, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Organization and Principal Business Activity**

McKim Capital, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC"), and is a member of the National Association of Securities Dealers, Inc. ("NASD"). The Company will conduct capital raising services based primarily on a confidential private placement memorandum that described the private offer and sale of primary securities. This private placement (or "Reg D") memorandum will be offered to subscribers of the network who are "accredited investors," as defined in Rule 501(a) of regulation D under the Securities Act of 1933, as amended ("Securities Act"). The Company also offers to its clients a number of products and services, including investment opportunities in Stock, Bonds, Mutual Funds, Unit Investment Trusts and Insurance.

The Company is a wholly owned subsidiary of Stellar McKim and Company, L.L.C. (the "parent").

**b. Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**c. Concentrations**

The Federal Deposit Insurance Corporation insures each of the Company's bank accounts up to a maximum of \$ 100,000 in each bank. At December 31, 2005, there were no uninsured cash balances.

**2. BROKERS RECEIVABLE**

The Company carry their brokers receivable at cost, and on a periodic basis, the Company evaluates their brokers receivables and establishes an allowance for doubtful accounts if necessary, based on a history of past write-offs and collections and the current credit conditions. No allowance for doubtful accounts was required.

# The Schonbraun McCann Group LLP

Real Estate Advisors ♦ Accounting Services



## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Stockholders  
McKim Capital, Inc.  
Walnut Creek, California

Our report on our audit of the basic financial statement of McKim Capital, Inc. for the year ended December 31, 2005 appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The information contained on pages 7 - 12 are presented for purposes for analysis and is not required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
THE SCHONBRAUN McCANN GROUP LLP

Roseland, New Jersey  
February 15, 2006

MCKIM CAPITAL, INC.  
SCHEDULE I  
COMPUTATION OF NET CAPITAL PURSUANT TO  
RULE 15C3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
YEAR ENDED DECEMBER 31, 2005

**NET CAPITAL**

Total stockholder's equity from statement of financial condition	\$126,902
Qualifying subordinated liabilities	--
<b>Total equity and allowable subordinated liabilities</b>	<u>126,902</u>

Deductions and/or charges:

Non-allowable assets	80,730
Other deductions/additions	--
<b>Total deductions and/or charges</b>	<u>80,730</u>

Net capital before haircuts on securities positions	<u>46,172</u>
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Haircuts on securities positions	<u>600</u>
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Net Capital	<u><u>\$45,572</u></u>
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**NET CAPITAL REQUIREMENT**

Net capital	\$45,572
Minimum net capital required	<u>5,000</u>

Excess net capital	<u><u>\$40,572</u></u>
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See independent Auditors' Report on Supplementary Information.

MCKIM CAPITAL, INC.  
SCHEDULE II  
COMPUTATION OF AGGREGATED INDEBTEDNESS PURSUANT TO  
RULE 1 5C3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
YEAR ENDED DECEMBER 31, 2005

<b>Indebtedness</b>	
Customer cash balances	--
Fails to receive	--
	<u>          </u>
Total Indebtedness	<u>          </u>
Less, Cash in Customer Reserve Account	--
<b>Total Aggregate Indebtedness</b>	<u>23,485</u>
<b>Net Capital</b>	<u><u>\$45,572</u></u>
<b>Ratio of Aggregated Indebtedness to Net Capital</b>	51.53%

See Independent Auditors' Report on Supplementary Information.

**MCKIM CAPITAL, INC.**  
**SCHEDULE III**  
**STATEMENT OF MATERIAL DIFFERENCES IN RECONCILIATION**  
**OF THE AUDITED COMPUTATION OF NET CAPITAL AND THE BROKERS-**  
**DEALER'S CORRESPONDING UNAUDITED PART II AND PART IIA**  
**(SEC RULE 17A-5(D)(4))**  
**YEAR ENDED DECEMBER 31, 2005**

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No material differences existed in the reconciliation of the computation of Net Capital from our Audited Report for the year ended December 31, 2005 and the Broker - Dealer's corresponding Unaudited Part II of Net Capital (SEC Rule 17A-5(D)(4)).

**MCKIM CAPITAL, INC.**  
**SCHEDULE IV**  
**STATEMENT OF MATERIAL INADEQUACIES**  
**FOUND TO HAVE EXISTED SINCE THE DATE OF PREVIOUS AUDIT**  
**YEAR ENDED DECEMBER 31, 2005**

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At December 31, 2005, no material inadequacies were found to exist.

**MCKIM CAPITAL, INC.**  
**SCHEDULE V**  
**COMPUTATION FOR DETERMINATION OF RESERVE**  
**REQUIREMENTS PURSUANT TO RULE 15C3-3 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**YEAR ENDED DECEMBER 31, 2005**

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Exemption from Rule 15C3-3 is claimed, as all customer transactions are cleared through another Broker-Dealer, Sterne, Agee & Leach, Inc., on a fully disclosed basis.



**MCKIM CAPITAL, INC.**  
**SCHEDULE VI**  
**INFORMATION RELATING TO THE POSSESSION OR**  
**CONTROL REQUIREMENTS UNDER RULE 15C3-3 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**YEAR ENDED DECEMBER 31, 2005**

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Exemption from Rule 15C3-3 is claimed, as all customer transactions are cleared through another Broker-Dealer, Sterne, Agee & Leach, Inc. on a fully disclosed basis.